

|  |                                   |   |                             |
|--|-----------------------------------|---|-----------------------------|
| (1) Authorization title<br><b>SALE OF COLUMBIA FALLS PROPERTY</b><br><b>(37 acres)</b> |                                   | (2) Date approval needed<br><b>09/30/86</b>                                     | (3) AFC number              |
| (4) Department<br><b>CORPORATE PROPERTY MANAGEMENT</b>                                 |                                   | (5) Operating group<br><b>CORPORATE REAL ESTATE</b>                             | (6) Date<br><b>09/25/86</b> |
| Location<br><b>ARCO PLAXA</b>  |                                   | <b>AFC Amount</b>   |                             |
| Estimated starting date<br><b>09/25/86</b>   |                                   | (7) <input checked="" type="checkbox"/> <b>Original AFC</b> \$ <b>61,000.00</b> |                             |
| Completion date<br><b>10/03/86</b>   |                                   | (8) <input type="checkbox"/> <b>Revision Number</b> \$                          |                             |
|  |                                   | (9) <input type="checkbox"/> <b>Revised Total</b> \$                            |                             |
| <b>Accounting</b>  |                                   | <b>Financial and Economic Indicators</b>  |                             |
| (13) Budget item number  | Effect on P&L (000)               | (12) \$ Current year (000)  |                             |
|  | (10) Current year \$ <b>32.45</b> | Capital/Expense   |                             |
|  | (11) Beyond \$                    | <input type="checkbox"/> Budgeted \$  |                             |
| (14) Account(s)/Cost center(s)<br><b>8516/A977</b>                                     | (15) Net present value at %       | <input checked="" type="checkbox"/> Unbudgeted addition \$ <b>/( \$65.1 )</b>   |                             |
|  | (18) Investment efficiency        | (16) Substitution \$  |                             |
| (17) Ledger number   | (20) Payback period               | Total \$  |                             |
| (19) Date received by controller   | (21) DCF rate of return           |   |                             |
| (22) Project description and justification (please attach details)                     |                                   |   |                             |

UPPER RANGE:  
LOWER RANGE:  
CONTROL ESTIMATE:

\$65.1M SALES PRICE NET OF COMMISSIONS  
\$ 5M BOOK VALUE  
\$60.1M

SEE ATTACHMENTS A & B

## (23) Indorsements and Approvals (note: (v) indicates approver)

| v |                               | Date           | v |                                    | Date |
|---|-------------------------------|----------------|---|------------------------------------|------|
|   | Initiated by                  |                |   | Division Vice President            |      |
|   | <b>J. F. HAWLEY</b>           | <b>9-26-86</b> |   | Division Senior Vice President     |      |
|   | Operating Group Manager       |                |   | Executive Vice President           |      |
|   | <b>J. T. McCreary</b>         | <b>9-26-86</b> |   | Vice Chairman                      |      |
|   | Budget Coordinator            |                |   | President or Chairman of the Board |      |
|   | <b>C. L. SHEAN</b>            |                |   | Board of Directors                 |      |
|   | Corporate Division Controller |                |   |                                    |      |
|   | <b>D. M. RONEY</b>            |                |   |                                    |      |
|   | Other                         |                |   |                                    |      |
|   | <b>B. F. CUBLER</b>           |                |   |                                    |      |
|   | Other                         |                |   |                                    |      |
|   | <b>C. F. GEORGE</b>           | <b>9/29/86</b> |   |                                    |      |

ARCO-2123-C Front  
(3-83)

ATTACHMENT "A"  
SALE OF COLUMBIA FALLS PROPERTY

Approval is requested to sell the remaining portion (37 acres) of the Columbia Falls property in Columbia Falls, Montana for \$68.5M.

Assuming a market value of between \$1,600 and \$2,000 per acre, we believe that the offer price of \$1,850 is representative of current market sales. It is the only offer we have received on the property.

Given the poor economic conditions which exist in this part of the state, the market for industrial property in Columbia Falls is depressed. The city relies primarily on one employer and therefore is prone to the "boom and bust" cycles of similiar locations.

An appraisal was conducted two years ago at \$145M for the entire parcel. Approximately \$5M of prior lease payments will be applied towards the purchase price.

ATTACHMENT "B"

|                 |             |
|-----------------|-------------|
| SALES PRICES    | \$68.5M     |
| COMMISSION      | <u>3.4M</u> |
| NET SALES PRICE | \$65.1M     |

|                  |              |
|------------------|--------------|
| BOOK VALUE       | \$(5.0M)     |
| NET SALE PRICE   | <u>65.1M</u> |
| PRETAX BOOK GAIN | \$60.1M      |

|                |              |
|----------------|--------------|
| TAX BASIS      | \$ 5.0M      |
| NET SALE PRICE | <u>65.1M</u> |
| TAX GAIN       | \$60.1M      |

|                     |             |
|---------------------|-------------|
| TAX GAIN            | \$60.1M     |
| TAX RATE            | <u>x.46</u> |
| FEDERAL TAX EXPENSE | \$27.65M    |

|                        |               |
|------------------------|---------------|
| PRETAX BOOK GAIN       | \$60.1M       |
| FEDERAL TAX EXPENSE    | <u>27.65M</u> |
| AFTER TAX GAIN ON SALE | \$32.45M      |